

# UK INVESTMENT PERFORMANCE COMMITTEE (UKIPC)

## Constitution and Operation Effective 1 January 2006 (updated April 2009)

### Background

1. The Pension Fund Investment Performance Code Monitoring Group was established by the Investment Committee of the National Association of Pension Funds (NAPF) in 1992 as an industry-wide body representing investment managers and other pension professionals, as well as pension funds, all of whom are concerned to ensure that the highest standards of performance presentation are developed and maintained for the benefit of pension fund trustees and other investors.
2. Following the introduction in March 2000 of the UK Investment Performance Standards (UKIPS) the NAPF Investment Committee changed the title of the Committee to the UK Investment Performance Committee (UKIPC) and issued a new constitution.
3. In September 2001, the Investment Performance Council formally approved UKIPS as a Country Version of GIPS (CVG) and therefore closely aligned the future development of the UK standard with that of the Global Investment Performance Standard (GIPS). The UKIPC has a responsibility as the sponsor of UKIPS to ensure that guidance and changes suggested by the IPC for GIPS have adequately included considerations relevant to the UK.
4. UKIPC has, with effect from 1 January 2006, adopted the updated version of GIPS and has relinquished the UK CVG version in order to promote the use of a single global standard as early as possible. At the same time UKIPC was itself updated with a new constitution and wider financial support from the industry at large.

### Purpose

5. UKIPC plays a pro-active role as the prime consultative body in the UK and is responsible for continuing development and promotion of the use of transparent, consistent and ethical investment measurement performance standards as the common method for calculating and presenting investment performance to investors in the UK. It operates as a standing committee set up to represent investors and the UK fund management industry. In carrying that out, the Committee draws on expertise from investors, fund managers, consultants, verifiers, measurers, software providers and others able to contribute.

### Objectives

6. To achieve this purpose, UKIPC will, amongst other things:
  - ensure UK interests are effectively represented in GIPS;
  - promote the application of the GIPS standard with its commitment to fair

representation and full disclosure across the UK investment industry;

- monitor the application of the GIPS standard across the UK investment industry
- engage with the CFA Institute's GIPS Executive Committee (Ex Comm) to improve the scope and comprehensiveness of GIPS, while maintaining the integrity of the standards. Ensure effective communication with the EC and its regional and other committees;
- identify misleading - or potentially misleading - published performance claims and draw these to the attention of the claimant concerned;
- promote high standards in any aspect of the presentation of pension fund or investment manager performance results and encourage generally technical improvements in the calculation and reporting methodologies;
- encourage adoption of independent third party verification;
- endeavour to raise the standard of knowledge amongst investors on investment performance issues generally and to increase awareness of GIPS.

## Membership

The membership of the UKIPC will consist of up to 20 "seats" with representatives of:

- **Decision makers:** Owners (investors, plan sponsors, trustees, private clients, etc.);
- **Influencers:** Advisors (consultants, banks, brokers, etc);
- **Practitioners:** Managers (all asset classes), Verifiers, Measurers, Analysts and knowledgeable individuals.

Members are commonly nominated by their representative industry bodies. Prime members are those bodies with a direct influence on investment ownership; prime members have votes as set out below. Observer members play a key role in helping the Committee achieve its objectives but do not have a vote. The list of members is not exhaustive and should be construed as allowing for member bodies to join or leave over time.

### Independent non-voting Chairman

Nominated by the NAPF Investment Council having consulted the ABI and IMA. To reinforce the Chairman's independence, the Chairman does not have a vote.

### Prime voting members

- |  |             |
|--|-------------|
| • The National Association of Pension Funds (NAPF)         | Two members |
| • The Association of British Insurers (ABI)                | Two members |
| • The Investment Management Association (IMA)              | Two members |
| • The Association of Consulting Actuaries (ACA)            | One member  |
| • The Society of Pension Consultants (SPC)                 | One member  |
| • The Investment Property Forum (IPF)                      | One member  |
| • The Alternative Investment Management Association (AIMA) | One member  |

- The Association of Private Client Investment Managers and Stockbrokers (APCIMS) One member
- The British Venture Capital Association (BVCA) One member

### **Observer members**

- The CFA Institute (CFA)
- The Financial Services Authority (FSA) (minutes only)
- Measurement representative
- Verifier representative
- CFA Society of the UK (CFA UK)
- Software provider representative
- Invited individuals

Where members change companies/roles, the Secretary will refer to the Chairman whether it is appropriate for that individual to continue to serve on the Committee and take any appropriate action.

Secretariat - National Association of Pension Funds

8. Terms will initially be four-year, staggered appointments renewable on a biennial basis. Members may appoint alternates when they are unable to attend.
9. The Chairman of the UKIPC will normally be a pension fund or other investor nominee and will be appointed by the NAPF Investment Committee for a period of four years. A Deputy Chairman may also be appointed.

### **Conflicts of Interest**

10. Members of the UKIPC and any Sub-Committees or Working Groups may make their membership on the UKIPC known, they may not use their relationship with the UKIPC or GIPS to promote actively the business interests of themselves, their employer or a third party. This includes any non-public information that is obtained by serving as a Committee or Sub-Committee member. Members have a duty to disclose to the Chairman and Secretary any circumstances that may or have given rise to a conflict (actual or potential) of interest.

### **Meetings**

11. The UKIPC will hold quarterly in person meetings or at such other intervals as may be appropriate.
12. At any meeting of the members, six members will constitute a quorum. Should a vote be necessary each UKIPC member will have one vote.
13. In order to ensure that representative organisations have adequate representation at each meeting, each member will have the opportunity to nominate an alternate who may attend when circumstances prevent the primary member from attending. Members should note that if a representative (or their alternate) is absent, three

meetings in a row, then the sponsor body will be approached to determine if they wish to maintain their representation, and if so, if they wish to nominate a new representative.

14. UKIPC will nominate a member and alternate to represent it in the European Regional Investment Performance Committee (RIPS); the representative is empowered to act and vote on behalf of UKIPC as appropriate.

### **Process**

15. The agenda will be distributed (normally electronically) to all UKIPC members at least five working days prior to each meeting. Similarly the minutes will be circulated within three weeks of each meeting.

### **Sub-Committees**

16. The UKIPC will form Sub-Committees, as needed, to review the application of standards to the UK local market and to take forward appropriate action. A member of the UKIPC will normally chair any Sub-Committee.
17. The Sub-Committee Chair will choose membership in the Sub-Committees from nominations of individuals, UKIPC members and from interested, qualified volunteers.

### **Financing and Support**

18. Whilst the NAPF will continue to act as lead sponsor of the work and meetings of UKIPC and any Sub-Committees, it will share this with the ABI and IMA who are joint country sponsors of GIPS together with the NAPF. Other members will provide additional financial support as appropriate. Members are responsible for own travel etc. costs.

### **National Association of Pension Funds**

**April 2009**